

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

	X
In re	:
	Chapter 11
SEARS HOLDINGS CORPORATION, et al.,	:
	Case No. 18-23538 (RDD)
	:
Debtors.¹	(Jointly Administered)
	X

**FIFTH MONTHLY FEE STATEMENT OF M-III ADVISORY PARTNERS, LP
FOR COMPENSATION EARNED AND EXPENSES INCURRED
FOR PERIOD OF FEBRUARY 1, 2019 THROUGH FEBRUARY 28, 2019**

1. In accordance with the *Order Authorizing Debtors to Retain M-III Advisory Partners, LP to Provide a Chief Restructuring Officer and Certain Additional Personnel for Debtors Nunc Pro Tunc To Commencement Date* (ECF No. 814) (the “**Retention Order2 M-III Advisory Partners, LP (“**M-III**”) hereby submits its fifth monthly report (the “**Monthly Report**”) on compensation earned and expenses incurred for the period commencing on February 1, 2019 through and including February 28, 2019 (the “**Reporting Period**”).**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovol Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

² Capitalized terms not otherwise herein defined shall have the meanings ascribed to such terms in the Retention Order.

During the Reporting Period, M-III incurred total fees and expenses of \$1,436,089.49, comprised of \$1,394,035.00 of fees and \$42,054.49 of expenses.

2. During the Reporting Period, M-III provided services central to the Debtors' restructuring process, including:

- a. Chief Restructuring Officer: Mohsin Y. Meghji in his role as Chief Restructuring Officer, continued to provide day-to-day oversight regarding issues including but not limited to: employee and vendor communications, cash/liquidity management, vendor relations and negotiations, store closures and liquidations, the asset sale process, and other Chapter 11 reporting requirements, as well as supervising all activity by the M-III team and liaising with the Company's management team.
- b. Asset Disposition: M-III prepared various analyses and assisted in preparing the Asset Purchase Agreement and Transition Services Agreement in conjunction with counsel and the investment banker related to the sale. Prior to the closing, M-III worked with Ernst & Young to develop a process for reconciling cash and credit card proceeds between Oldco and Transform Holdco LLC. M-III also assisted in various closing condition analyses related to the APA. After the closing, M-III prepared and updated analyses to reconcile cash proceeds received and credit card receipts between Oldco and Transform Holdco LLC and prepared other analyses related to the sale.
- c. Business Operations: On an ongoing basis, M-III assisted the Debtors with issues related to operating as a debtor-in-possession operating in chapter 11 such as employee, insurance, landlord disputes and other similar issues. M-III assisted the Debtors with all vendor related items including, but not limited to, vendor strategy, negotiation, settlements, stipulations, critical vendors and shippers/warehousemen agreements, and advised the Debtors on general accounts payable questions.
- d. Business Plan and Operational Improvements: On an ongoing basis, M-III assisted the Debtors in the identification and implementation of operational improvement activities and cost reductions including SG&A analysis, marketing analysis, store level due diligence and creditor due diligence requests.
- e. Case Administration: On an ongoing basis, M-III advised and assisted the Debtors with respect to internal and external communications planning and documentation. M-III also prepared for and attended Bankruptcy Court hearings. M-III also completed analysis and assisted the Debtors on various motions including Ordinary Course Professionals including exhibits and on entry of Orders to implement required reporting and other activities contemplated by the various filed motions. M-III also prepared for and participated in strategic meetings with Debtors' counsel.

- f. Claims Administration and Objections: On an ongoing basis, M-III advised and assisted the Debtors with the claims planning and reconciliation process.
- g. Corporate Governance and Board Matters: On an ongoing basis, M-III prepared for and participated in Board Meetings and meetings of the Restructuring Committee of the Board.
- h. DIP Reporting: On an ongoing basis, M-III prepared weekly reports to illustrate cash flows and liquidity as compared to DIP Budget projections including related methodologies, as well as cash management planning. M-III distributed the weekly variance reports to the DIP ABL Lenders, the DIP Term Lenders, and the financial advisors to the Creditors' Committee, and addressed questions from these parties, as they arose.
- i. Employee Benefits and Pensions: On an ongoing basis, M-III assisted the Debtors with various employee and retiree benefit issues, including compensation, bonuses, severance, insurance benefits. M-III also worked with management and the Debtors other stakeholders to implement the KEIP/KERP Plan.
- j. Employment and Fee Applications: M-III prepared its monthly invoice in compliance with its retention order. M-III also coordinated with the company to submit professional fee invoices for payment and updated the professional fee reporting.
- k. Litigation: M-III aggregated discovery materials in response to the subpoena served to M-III and prepared for depositions. M-III also participated in and attended depositions and the contested hearings seeking approval of the sale to ESL.
- l. Meetings and Communications with Creditors: On an ongoing basis, M-III prepared for and participated in meetings and teleconferences with the ABL/DIP Lenders, Cyrus as the junior DIP Lender, the Official Committee of Unsecured Creditors and their respective advisors.
- m. Meetings and Communications with Bank Advisors: On an ongoing basis, M-III prepared and participated in meetings and teleconferences with Debtors' secured DIP lenders and advisors.
- n. Meetings and Communications with Restructuring Committee: On an ongoing basis, M-III prepared and participated in meetings and teleconferences with Debtors' Restructuring Committee.
- o. Real Estate – Assumption and Rejection of Leases and Contracts: On an ongoing basis, M-III assisted the Debtors with lease analyses, potential assumption or rejection of leases, lease negotiation, and execution of lease strategy. M-III assisted with the potential assumption and assignment of executory contracts in connection with the Global Sale Transaction.

- p. Real Estate – GOB Analysis/Reporting: On an ongoing basis, M-III assisted the Debtors with analysis and reporting related to the GOBs including aggregating data related to noticing appropriate parties related to the GOBs.
- q. Real Estate – Unencumbered Real Estate Sales & Analysis: On an ongoing basis, assisted the Debtors in due diligence, analysis and reporting related to the unencumbered real estate. M-III added numerous users to the Virtual DataRoom.
- r. Reporting: On an ongoing basis, M-III assisted with matters related to the US Trustee, assisted the Debtors with accounting related items including but not limited to, pre-petition claims payment processes, aggregating monthly bank statements, updating the master list of bank accounts, Monthly Operating Report (MOR), developing and updating the Oldco budget and other accounting related items.
- s. Wind-Down Budget: On an ongoing basis, M-III assisted the Debtors in revising and updating a Wind-Down Budget as required by the terms of the DIP loan and as an alternative to the going concern sales process.

3. **Exhibit A** attached hereto includes a list of the personnel that provided services to the Debtors during the Reporting Period, their respective titles, their respective billing rates, the aggregate hours spent by each individual, and the total compensation earned by each individual.

4. **Exhibit B** attached hereto is a breakdown of the reasonable expenses incurred by M-III during the Reporting Period.

Dated: March 18, 2019
New York, New York

By: /s/ Mohsin Y. Meghji
Mohsin Y. Meghji
Managing Member
M-III Advisory Partners, LP
130 West 42nd St.,
17th Floor
New York, NY 10036

Exhibit A

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

February 1, 2019 Through February 28, 2019

EXHIBIT A

Summary of Compensation Sought for the Reporting Period (February 1 - February 28, 2019) and Transaction Fee

TOTAL HOURS	TOTAL FEES (a)	TOTAL EXPENSES (b)	TOTAL COMPENSATION	MONTHLY COMPENSATION FEES (100%)	MONTHLY EXPENSES (100%)	TOTAL MONTHLY COMPENSATION
2,462.3	\$1,394,035.00	\$42,054.49	\$1,436,089.49	\$1,394,035.00	\$42,054.49	\$1,436,089.49

Note(s):

(a) Total fees of \$1,394,035 includes \$900,000 for hours billed as a fixed fee and \$494,035 for professionals billed on an hourly basis.

(b) Total expenses are net of voluntary reductions of \$5,235.09, as set forth in Exhibit B below.

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

February 1, 2019 Through February 28, 2019

Summary of Hours Billed by Professional Fixed Fee

Employee Name	Initial	Title	Total Hours	Total
Meghji, Mohsin	MM	Managing Partner	138.9	\$0.00
Griffith, Brian	BG	Managing Director	190.3	-
Good, Christopher	CG	Director	207.0	-
Korycki, Mary	MK	Director	165.8	-
Acevedo, Enrique	EA	Vice President	182.9	-
Tanaka, Kevin	KT	Vice President	91.8	-
Allan, Daniel	DA	Senior Associate	156.1	-
Frantz, Joseph	JF	Senior Associate	180.9	-
Zatzkin, Noah	NZ	Senior Associate	177.0	-
Weber, Nicholas	NW	Associate	193.1	-
Stoker, Clayton	CS	Analyst	99.5	-
Total (a)			1,783.3	\$900,000.00

Note(s):

- (a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officers and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) [ECF No. 328] Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (a) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (b) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. [ECF No. 328]

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

February 1, 2019 Through February 28, 2019

Summary of Hours Billed by Professional

Employee Name	Initial	Title	Total Hours	Rate (a)	Total
Adams, Colin	CA	Managing Director	103.1	\$925	\$95,367.50
Gallagher, William	WG	Managing Director	128.1	\$925	118,492.50
Murphy, William	WM	Senior Director	146.6	\$725	106,285.00
Bonnell, Trenton	TB	Director	187.6	\$625	117,250.00
Boffi, Jonathan	JB	Vice President	37.4	\$550	20,570.00
Sima, Wesley	WS	Vice President	17.8	\$550	9,790.00
Smith, Andrew	AS	Senior Associate	58.4	\$450	26,280.00
Total			679.0		\$494,035.00

Note(s):

- (a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officers and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) [ECF No. 328] Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (a) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (b) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. [ECF No. 328]

Exhibit B

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

February 1, 2019 Through February 28, 2019

Summary of Necessary Expenses Incurred

Description	Total
Air Travel	\$11,053.08
Hotels	11,046.71
Meals (Local) (a)	3,950.49
Meals (Out of Town) (b)	6,708.39
Rental Car	3,686.52
Taxi/Car Service/Mileage/Train	7,673.68
Telephone/Internet	2,761.05
Miscellaneous	409.66
Sub-Total Before Reductions	47,289.58
Voluntary Reductions	(5,235.09)
Total (c)	\$42,054.49

Note(s):

- (a) Meals (Local): Per person meal expenses have been capped at \$20 (dinner).
- (b) Meals (Out of Town): Per person meal expenses have been capped at \$25 (breakfast) and \$55 (dinner).
- (c) Total amounts are based on M-III's expense reporting system as of the date of this Monthly Report, and may not be reflective of all expenses incurred during the Reporting Period. As such, future monthly reports may include expenses incurred during the Reporting Period.